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# JR, by William Gaddis; The New American Ideology, by George C. Lodge; and Equality and Efficiency: The Big Tradeoff by Arthur M. Okum

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## Book Review

JR. By William Gaddis. New York, N.Y.: Alfred A. Knopf, Inc., 1975. Pp. 726. \$15.00.

THE NEW AMERICAN IDEOLOGY. By George C. Lodge. New York, N.Y.: Alfred A. Knopf, Inc., 1975. Pp. xv, 384. \$12.50.

EQUALITY AND EFFICIENCY: THE BIG TRADEOFF. By Arthur M. Okun. Washington, D.C.: The Brookings Institution, 1975. Pp. xi, 124. \$6.95.

Ascertaining the credibility of the economic system makes a ride through the Dismal Swamp on the back of a greased hog child's play. Obdurate interest groups, each cacophonizing a parochial version of what is and what should be, blitzkrieg the public with self-serving perceptions. Contentions expressed in double-think hyperbola designed to convert warts into cancer evoke clouds of static. The noise of the battle is exceeded only by the sound of the printing presses turning out books crammed with the final wisdom and phrophecies of self-appointed pundits. The books reviewed below are three recent entrants into the war over the validity of the market system: novelist William Gaddis criticizes through literature; Harvard Business School gadfly George Lodge attempts to realign values and devise a new planned economy; while economist Arthur Okun tests the trade-offs between economic efficiency and equality. The first two books aggravate the static between rhetoric and reality, whereas Okun titillates with his suggestions on a compromise between statism and free enterprise.

Gaddis' novel follows the escapades of JR, a sixth grader who is introduced to the didactics of the market system and the curriculum of corporate strategy during a class trip to the executive suite of a giant corporation. Capitalizing on advice such as "buy for credit sell for cash"<sup>1</sup> and "the only damn time you spend money's to make money,"<sup>2</sup> JR embarks on an odyssey of skullduggery and aggrandizement that would entice a smile of approval from John D. Rockefeller and make Robert Vesco green with envy.

Starting modestly by depositing class funds in a mail order bank account, JR rapidly builds an empire by wheeling and dealing in this nation's main contribution to economic doomsday—credit. Credit enables him to buy into near defunct or moribund firms

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1. W. GADDIS, JR 108 (1975).

2. *Id.* at 109.

which are then used as fronts for quick profit schemes and as springboards for additional acquisitions. Another American institution—the pay phone booth—serves as corporate headquarters. As JR shrewdly perceives: “[L]ike I mean this here bond and stock stuff you don’t see anybody you don’t know anybody only in the mail and the telephone because that’s how they do it nobody has to see anybody, you can be this here funny lookingest person that lives in a toilet someplace how do they know. . . .”<sup>3</sup>

In the course of his rise, JR encounters all of the stock archetypes of the business world: avaricious tycoons, devious subalterns, shyster lawyers, and naive stockholders. With the piercing perspicacity of a child mind, JR disdains what Gaddis deems to be the facades of capitalism—competition, shareholder power, for example—and beats the corporate establishment by using the same devices that the villains use to subvert the “invisible hand.” Thus he tunes in to the consciousness of the corporate legal system: “I mean why should somebody go steal and break the law to get all they can when there’s always some law where you can be legal and get it all anyway!”<sup>4</sup> JR is also a quick student of the arts of Madison Avenue and the consumption ethic: his products reach the grade school market via imaginative advertising stuck in textbooks while he offers the elderly the economies of vertically integrated graveyards—stiffs buried six to eight deep in a single plot.

Industrialization and entrepreneurs have been favorite targets of the literati.<sup>5</sup> Some authors, such as Upton Sinclair, lashed out through a linear attack style in which plot was secondary to polemic. All of Sinclair’s works emphasized slashing exposé rather than literary finesse.<sup>6</sup> Other writers have used the knife of satire. Sinclair Lewis, for example, indicted bourgeois materialism and the religion of success through a sympathetic characterization of a midwestern salesman. Lewis made satire work in *Babbitt* by invoking the subtle realism of a decent man chasing false gods and by weaving the chase into a plausible plot.

Gaddis makes the mistake of trying to mesh both polemic and satire into a single package. As a polemicist he fails to stake out the target with clarity. At times the human spirit stands condemned as the corrupt force that has concocted a sordid system to

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3. *Id.* at 172.

4. *Id.* at 660.

5. See generally Smith, *The Search for a Capitalist Hero*, in *THE BUSINESS ESTABLISHMENT* 77 (E. Cheit ed. 1967).

6. His best known novel is *The Jungle*, a muckraking exposé of conditions in the Chicago meat-packing industry.

perpetuate its evil. At other times the attack goes after the market system for perverting the better instincts of the human spirit. His satire is mired in an undisciplined plot involving complicated deals, bizarre events too fuzzy to sustain comprehension, and a large collection of poorly defined characters. Whatever message Gaddis is trying to convey about the market system gets hopelessly scrambled in a writer's workshop pseudo Faulknerian style.<sup>7</sup> The net result is a reverse satire on an emaciated literary community that has belched out such caricatures as Truman Capote and Norman Mailer.

Economic planning is the revived fad of the 1970's. Once the exclusive property of the fascist right and the socialist left, it is now generating heated discussion in all niches on the ideological spectrum. The ultimate imprimatur of radical chic awaits a summit conference by John Kenneth Galbraith, Hubert Humphrey, and Bella Abzug at a Lenny Bernstein cocktail party.

Popular patronage of the planning movement was first initiated by the ecology crusade. According to doomsday wisdom, civilization is threatened with extinction from rampaging technology and corrosive industrialization. Survival can be achieved only by imposing on society a specified list of priorities. The drive by ecologists for planned asceticism has been augmented by a group of disillusioned economists and other antiestablishment types who accuse free enterprise of seducing society into a brothel of self-destructive materialism.<sup>8</sup> It was, however, the erratic economy of the 1970's that gave the planning movement respectability. Stunned by the uncertainty of shortages and confused by the incomprehensible "stagflation," staid business executives like Henry Ford II have joined hoary New Dealers in embracing planning.<sup>9</sup>

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7. Even *The New Yorker*, that indefatigable supporter of respectable *avant garde* antiestablishment pulp, had trouble with Gaddis' style. "To produce an unreadable text, to sustain this foxy purpose over seven hundred and twenty-six pages, demands rare powers. Mr. William Gaddis has them." *THE NEW YORKER*, Jan. 26, 1976, at 106. Alfred Kazin said: "But Gaddis is so keen a social critic, so imploded by the role of money over our lives, our speech, our beds, that for all his energy and humor, I read his book with stupefaction that a man could write a novel of almost 800 pages about people who are just so many comic strips." *THE NEW REPUBLIC*, Dec. 6, 1975, at 19.

8. See, e.g., A. LINDBECK, *THE POLITICAL ECONOMY OF THE NEW LEFT: AN OUTSIDER'S VIEW* (1971); E. MISHAN, *TECHNOLOGY AND GROWTH* (1970); M. TANZER, *THE SICK SOCIETY* (1968).

9. *The New York Times* reports Ford as saying: "I'm thinking about a planning group in Washington with stature so that it looms important in the total scheme of things. . . . That would plan certain gross national product, certain gross population and the usage required, the amount of food to feed that number of people. . . ." *N.Y. Times*, Feb. 17, 1975, § C, at 33, 34. See also, Bender, *Will The Bicentennial See The Death of Free Enterprise?*, *N.Y. Times*, Jan. 4, 1976, at 27.

The new advocates of planning tend to be either "etherealists" or "resource coordinators." The latter group advocates the establishment of governmental channels for collecting information on national resources, developing a national "flow chart" describing available resources relative to production objectives, and coordinating congressional and executive programs. Planning is limited to selecting and recommending to public officials the best options in light of resources. The emphasis is on establishing policies that coordinate resources with needs, rather than preempting the operation of the market system.

The etherealist denounces the practitioners of free enterprise for using fraudulent methods to brainwash society into acceptance of the malevolent aspirations of a valueless market system. The devil's instrument for conducting the debauchery of ideals is the corporation. The etherealist repudiates the notion that tinkering with micro- and macroeconomic factors of the system can deflect the reprehensible effects of free enterprise. What is needed is a new gospel of values disseminated by a "relevant" ideology.

George Lodge is an etherealist reformer who argues that a myopic commitment to the myths of Lockean capitalism has produced widespread alienation. Lodge chastises us for failing to perceive that the cornerstones of free enterprise have succumbed to new ideological imperatives: "rugged individualism" has fallen to "communitarianism" (which Lodge cryptically defines as consensus as the source of authority); property rights have been replaced by rights of membership in certain organizations; community needs, not competition, now determine the allocation of resources; having repudiated limited participation, the state is now extensively involved in the planning process; scientific specialization has been replaced by "holism" (recognition of the "great integrated whole").

Lodge contends that the most conspicuous wound inflicted on society by Locke's ideology is the entrenchment of the corporation as "the dominant institutional force in American life."<sup>10</sup> However, as a product of Lockean ideology, the corporation is also vulnerable to its defects. Thus when the credibility of Lockean theology was undercut by new tensions, the corporation lost its legitimacy as a public institution.

According to Lodge, the erosion of traditional ideology has been subtle but nevertheless thorough and irrevocable. The independence of the corporation is now compromised by the intrusions of a phalanx of government regulatory agencies who administer

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10. G. LODGE, *THE NEW AMERICAN IDEOLOGY* 134 (1975).

a wide net of statutory restrictions. Corporate control has shifted to professional managers "who had little if any ownership in the property they were managing and whose legitimacy was thus uncertain."<sup>11</sup> The collectivism of the union replaced worker individualism while the Protestant work ethic is now fatally contaminated by a shift in allegiance to the god of consumption. The antitrust laws, the ultimate guarantee of the legitimacy of private economic power, failed to maintain a competitive market system and to block industrial concentration.

Lodge wants to rehabilitate the 2,000 giant corporations who purportedly defy national interests by converting to a federal chartering system that would prohibit antisocial evils and reflect the "goals of the various communities it affects."<sup>12</sup> He also deems it important that the hierarchical organizational chart presently adhered to by corporations be replaced with participatory democracy. Managerial authority should be derived from "consensus" whereby everyone participates "in formulating or ratifying the rules by which its different members can most effectively participate in its governance."<sup>13</sup> A new "holistic vision," reflecting regional or national "communitarianism," would be channelled into corporate consciousness through the federal charters. Participatory consensus is the ultimate priority in Lodge's scheme of rehabilitation. The competition of the market system must give way to "communitarianism," which Lodge sees as a new ideological insight that emphasizes community needs rather than satisfaction of individual aspirations.

How does the new vision become reality? First, we must "recognize the ideological meaning of the changes that have already occurred in the real world. . . ."<sup>14</sup> Next comes a new political movement, free of connection with the existing political parties. The payoff is a national statement of community goals which would be debated and revised at a national convention. Responsibility for implementation of planning would fall to the government who would have "the responsibility . . . and capacity to perform the task of community analysis and planning, as well as of determining priorities and allocating resources accordingly."<sup>15</sup>

Most of Lodge's criticisms of the market system are familiar complaints from the accepted religion of the new reformers. Ap-

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11. *Id.* at 146.

12. *Id.* at 220.

13. *Id.* at 232.

14. *Id.* at 302-03.

15. *Id.* at 297.

parently he hoped to break new ground by harmonizing the strands of old ideas into a new planning ideology. Lodge does not succeed; at best he describes in a fractious and turgid style a journey without itinerary or destination.

Absent a discussion of the practicalities of implementation, abstractions like "communitarianism" and "holism" come across as vacuous pretensions. Lodge raptures over the benefits of local community planning, commiserates over the inability of the communities to identify essential problem areas, then skips away without a discussion of possible realistic solutions to this dilemma. He envisions both a strong national centralized planning system and local planning autonomy, but remains mute on how these two institutions can accommodate respective self-interests.

Lodge's discussion of other planning proposals do not throw light on the reality of "communitarianism." Galbraith's proposed program of wage and price controls, government regulation of production, plus a dose of nationalization, is condemned as leading to "a system of centralized, authoritarian, and possibly barbarous statism."<sup>16</sup> Lodge then ignores the opportunity to detail the workings of "communitarianism" as a contrast to Galbraith. If there is a difference between "communitarianism" and the inevitable totalitarianism of a tightly planned economy, Lodge should draw the lines for the reader. The obvious conclusion is that there is no line to be drawn. As liberal Arthur Okun warns, under a planned economy, "[P]olitical rights would be seriously jeopardized. If the government commanded all the productive resources of the society, it could suppress dissent, enforce conformity, and snuff out democracy."<sup>17</sup>

When Arthur Okun endorsed free enterprise in his compact and readable book, free enterprise advocates got the best of the trade-off in the deflection of Brahmin George Lodge to economic planning. A comparison of the efficiencies of the market system with its production of inequalities convinces Okun that capitalism, with revision, is the preferred system. He rejects the radical left's proposition that capitalism and democratic egalitarianism are mutually exclusive and concludes that those antagonisms which do exist can be channelled into an acceptable state of evolutionary compromise.

Maintaining both ideals makes it necessary to compare and balance trade-offs. For example, excluding activity such as voting and the production of judicial services from the operation of the

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16. *Id.* at 243.

17. A. OKUN, *EQUALITY AND EFFICIENCY* 38-39 (1975).

market system infringes on "the calculus of economic efficiency."<sup>18</sup> The trade-off in lost efficiency is, however, accepted as *de minimus* when compared with the political benefits. On the other hand, the benefits of the highly efficient market system are purchased "at the cost of inequalities in income and wealth and in the social status and power that go along with income and wealth."<sup>19</sup> To Okun the most progressive compromise requires acknowledgement of the credibility of the market system but in measuring the efficiency-equality trade-off, he would weigh equality "heavily." He also suggests that the least inefficient means of tipping the balance in favor of equality is by resorting to progressive tax programs, diverting federal funds to income equalization projects, and a commitment to full employment.

Assuming that the bias in favor of equalization can be disciplined to prevent counterproductive transgressions on efficiencies, Okun's trade-off system could serve as a model for a workable compromise between planners and free market advocates. Unfortunately, the experience of the past 40 years indicates that one cannot assume any reasonable degree of control over the proliferation of ineffectual income reshuffling and equalizing programs. Indeed, the passage of blunderbuss interventionist laws by lawmakers bent on placating the tunnel-vision demands of self-serving interest groups has already seriously crippled the market system.

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18. *Id.* at 10. Okun continues: "Our rights can be viewed as inefficient, because they preclude prices that would promote economizing, choices that would invoke comparative advantage, incentives that would augment socially productive effort, and trades that potentially would benefit buyer and seller alike." *Id.*

19. *Id.* at 51.

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